NOTE

This online version of the thesis may have different page formatting and pagination from the paper copy held in the Swinburne Library.



The Soul of the Organisation: Passion for the Primary Task

by Sara A Eastoe

Dissertation submitted to the:

Faculty of Business and Enterprise

The Australian Graduate School of Entrepreneurship

in partial fulfillment of the requirements for the

Doctor of Business Administration

November 2004

Dr Neil E. Béchervaise (Supervisor)

Declaration I

19th November, 2004

Research Committee Graduate School of Business and Enterprise Swinburne University

This thesis contains no material, which has been accepted for the award to the Candidate of any other degree or diploma. To the best of the candidate's knowledge it contains no material previously published or written by another person except where due reference is made in the text of the thesis; and, where the work is based on joint research or publications, discloses the relative contributions of the respective workers or authors.

Signed

Sara A Eastoe

ABSTRACT

This thesis assumes that the real essence of an organisation is its connectedness to the primary task. Hence the metaphor of 'soul' and the notion that passion for the task must be present to create 'soul'. It therefore follows that the nature of the primary task is central to the type of organisations that is created.

The past decade of downsizing and the rise of the 'high performance culture' have developed their own narrative about delivering shareholder value. Alongside this, too often, exists the feeling that "this place has lost it soul". From that perspective, this thesis addresses the question: how does an increased focus on shareholder value impact on the organisation's passion for its primary task?

In a qualitative study based on semi-structured interview data, the characteristics of the task of shareholder value delivery and its impact on customer service delivery are described in this thesis as have been reported by the informants of three large business units from The Australian Banking Corporation, Plc. (ABC), the fictionalised organization which forms the case study for this research. Drawing on a psychoanalytic theoretical frame of organisational theory, the dynamic that this shift in task has created is identified and interpreted.

From this phenomenological position, the findings clearly reveal that *shareholder value* is identified as the current primary task of the organisation, and has become deeply embedded through a business model promoting separated specialist businesses within the umbrella of ABC.

The findings show that the tension between delivering service to the customer as stakeholder, the initial primary task, and the current task of delivering shareholder value is unconsciously contained through a process of splitting and projection to establish an *idealised customer*. The concept of *social defense* is applied to interpret this dynamic as it enables ABC to engage in the fantasy that it remains customer focussed. In order to replace the primary task of customer service with the task of delivering shareholder value, a process of substitution and mutation developed unconsciously from fear for the

survival of ABC which, equally unconsciously connected the notion of *service* with the desire to *serve* the shareholder.

The pain and anxiety produced by downsizing and continual attention to cost reduction, highly characteristic of the shareholder value model, substantially reduced organisational morale and, in this context, ABC embraced a genuine desire to create a new set of values and a healthy culture. However, what emerged was a religious fundamentalist culture that protects and reinforces the task of delivering shareholder value. Weber's protestant fundamentalism model promoted the creation of financial wealth through hard work while generating feelings of inclusion to render the task of shareholder value more palatable in the organisation. These two systems became symbiotic though the task values intrinsic in delivering shareholder value were recognised as being devoid of altruism. The dogma driven by the system is fundamentalist, the culture is divisively individualistic and passion for the newly accepted primary task is apparently impossible. Hence, it is concluded, the organisational 'soul' of ABC has been corroded.

The implications of these findings for practice are concerned with the impact of the task of pursuing shareholder value, and the system it creates as they impact on ABC's ability to change and adapt so that:

- Short-termism and risk aversion appear to be affecting the capacity of the CEO to lead the organisation into a growth phase.
- Adoption of the specialisation model at ABC, supported by the CEO with a competitive individual reward program, appears to have reduced the potential for ABC to institute change in response to market evolution.
- The preparedness of the CEO to risk investment in the medium to long term for growth while managing the short-term expectations of the market has been diminished.
- The heroic CEO that the shareholder value model attracts is now concerned about his own legacy, which is impacting on his preparedness to promote a vision for the medium to longer term.
- The culture supports the *status quo* and is now promoted by ABC as part of what differentiates it from its competitors. To change this, it will need to look outside ABC. This, however, appears to have become a blind spot.

TABLE OF CONTENTS

Chapter 1	PASSION AND SOUL IN AN OR	GANISATION 1
1.1	The Lost Task – An Australian St	ory of The Land, 1
	The Customer and The Bank	
1.2	The Soul Of The Organisation	4
	1.2.1 The Primary Task	5
	1.2.2 Passion	5
1.3	Leadership, Passion and The Prin	nary Task 7
1.4	The Task and The Organisation	8
1.5	Pursuit of Shareholder Value as T	he Primary Task 9
1.6	The Research Aim	9
1.7	Theoretical Framework	10
1.8	The Research Method	11
1.9	Thesis Structure	12
Chapter 2	LITERATURE REVIEW	14
2.1	Introduction	14
2.2	Psycho-Analytic Theoretical Under	erpinnings 14
	2.2.1 Object Relations Theory: Sp	litting, Projection, 17
	Introjection and Projective	ve Identification
2.3	The Primary Task	19
	2.3.1 The Concept of Primary Task	k 19
	2.3.2 The Primary Task – A Defin	ition 20
	2.3.3 Strategy – A Choice Between	n Tasks 21
	2.3.4 The Primary Task – To Mak	e Money 23
	2.3.5 Engaging The Task	24
	2.3.6 Summary	25
	2.3.7 Corruption of The Primary T	Cask – Substitution 26
	and Mutation	

		2.3.7.1 Tas	sk Idea	27
		2.3.7.2 Tas	sk Values	27
		2.3.7.3 Tas	sk Tenets	30
		2.3.7.4 Tas	sk Power	30
		2.3.7.5 Tas	sk Corruption	31
	2.3.8	Summary		32
2.4	Share	holder Val	ue	33
	2.4.1	Origins of	Shareholder Value	33
	2.4.2	Agency Th	neory	34
	2.4.3	Images of	Man	37
	2.4.4	Driving Th	nrough Shareholder Value	38
	2.4.5	Aligning C	Goals and Drivers	40
	2.4.6	The Mome	entum for Shareholder Value	40
	2.4.7	Shifting Pa	aradigms: From 'Retain and Invest' to	41
		'Downsize	e and Distribute'	
	2.4.8	Alternative	e Approaches: Stakeholder Value	44
	2.4.9	Communit	y Responsibility	45
	2.4.10	Sharehold	er Value – The Critics	46
		2.4.10.1	Stock Allocation and Shared Interests	46
		2.4.10.2	Ownership	48
		2.4.10.3	Market Efficiency	49
		2.4.10.4	Performance as Success	49
		2.4.10.5	Stakeholder – A Human Wedge in the	50
			Shareholder Value Model	
		2.4.10.6	The Customer As Stakeholder	51
		2.4.10.7	Lean Mean and Lacking in Humanity	52
		2.4.10.8	Heroic Leadership	54
		2.4.10.9	Shareholder Value – The Inevitability	54
			of Disappointment	
		2.4.10.10	Falsehood And Imbalance	55
		2.4.10.11	Shareholder Value and Core Business Focus	56
2.5	Share	holder Val	ue: A Critic Against Chapman's (1999)	57
	Discus	ssion On Ta	ask Values, Tenets and Task Power	
	2.5.1	Task Valu	es – Shareholder Value	57

		2.5.1.1 Authenticity	57
		2.5.1.2 Uniqueness	60
		2.5.1.3 Accessibility	61
		2.5.1.4 Generativity	61
	2.5.2	Task Tenets	63
	2.5.3	Task Power	63
2.6	Psych	o-Analytic Concepts – Organisation Dynamics	64
	2.6.1	Social Defenses – A Defense Against Anxiety	65
	2.6.2	Holding and Containing	69
	2.6.3	The-Institution-in-the-Mind	71
2.7	Theor	retical Propositions	72
Chapter 3	THE	RESEARCH METHOD	74
3.1	Intro	duction	74
3.2	Resea	arch Method: Qualitative	74
3.3	Case	Study as a Research Approach	78
	3.3.1	Case Study Frameworks	80
	3.3.2	Single and Multiple Case Studies	80
	3.3.3	Analysing, Linking and Interpreting Research Findings	81
		3.3.3.1 The Unit of Analysis	81
3.4	Data	Collection – The Interview	82
	3.4.1	Interviews, Storytelling and Curiosity	82
		3.4.1.1 Interview Structure	83
		3.4.1.2 Open and Closed Questions	84
3.5	Writt	en Documents	85
3.6	Sample Selection		85
	3.6.1	The Organisation	86
	3.6.2	The Informants	88
		3.6.2.1 Selecting the Businesses	88
		3.6.2.2 Informant Selection	89
		3.6.2.3 Access to the Organisation	91
		3.6.2.4 Contact with Informants	92

		3.6.2.5 Interview Schedule	92
		3.6.2.6 Interview Recording and Transcription	92
3.7	Data .	Analysis	93
	3.7.1	Modified Content Analysis	93
	3.7.2	Modified Discourse Analysis	94
3.8	Trian	gulation	98
	3.8.1	Data Saturation	99
	3.8.2	Ambiguity	100
	3.8.3	Multiple Disciplines and Multiple Perspectives	100
3.9	The R	Researcher in the Research	101
	3.9.1	The Human in the Research	101
	3.9.2	The Researcher as Insider	102
3.10	Sumn	nary	103
Chapter 4	SHAF	REHOLDER – THE PRIMARY STAKEHOLDER	104
4.1	Intro	duction	104
4.2	Lean	and Mean – A Culture of Cost Cutting	104
	4.2.1	Cost and Survival	106
	4.2.2	Digging Deep 'Cost' as a Recipe for Winning	106
	4.2.3	Cost as The Primary Performance Driver – Evidence	109
		of its Presence in ABC Today	
4.3	Impa	ct of Cost Cutting as the Primary Driver for Success	113
	4.3.1	Impact on the Branch Network	113
	4.3.2	Moral Dilemmas	117
	4.3.3	Hope and Expectation	118
4.4	The S	specialisation Model	121
	4.4.1	Transparency	123
	4.4.2	Business Ownership and Accountability	124
4.5	Impa	ct of the Specialisation Model	127
	4.5.1	Internal Competition	127
		4.5.1.1 Competition and Tension	128
		4.5.1.2 The Internal Pricing Model	131

		4.5.1.3 Product Businesses and Customer Businesses	131
	4.5.2	The Capacity for the Organisation to Sustain its	135
		Identity as One Organisation in the Minds of its Members	
4.6	Ageno	cy	138
4.7	Short	-Termism	139
4.8	Heroi	c Leadership	141
4.9	Sumn	nary	146
Chapter 5	THE	PRIMARY TASK	148
Chapter 5		I KIMAKI TABK	140
5.1	Intro	duction	148
5.2	Share	cholder Value, The Primary Task and	148
	The C	Customer Tension	
5.3	The C	Customer Idealised	151
	5.3.1	Hiding Behind the Customer Ideal	152
	5.3.2	Restoring Customer Faith	153
		5.3.2.1 The Cult	153
		5.3.2.2 The Company Should Stand for Something	156
		5.3.2.3 The Discourse of Religion	157
		5.3.2.4 Restoring Customer Faith – A Social Defense	157
	5.3.3	The Customer as an Organisational Value	158
	5.3.4	The Customer as an Objective or Goal	160
	5.3.5	Turning Administration Tasks into Customers	162
	5.3.6	Summary – Idealisation of The Customer Task	162
	5.3.7	The Currently Reality – Idealisation as a Social Defense	163
5.4	Holdi	ng and Containing – Roles and Structure	168
	5.4.1	The Managing Director Role	168
	5.4.2	The Executive Role – Direct Report to Managing Directors	s 169
	5.4.3	Customer Facing Staff	172
5.5	Muta	tion and Substitution of The Primary Task	173
	5.5.1	The Shift in Primary Task	174
		5.5.1.1 Threat to Survival as Motivation for Change	174
		5.5.1.2 Relieving the Threat	174

		5.5.1.3 Idealising the Customer	175
		5.5.1.4 Anxiety, Tension and Changed Intention	176
		5.5.1.5 Mutation and the Loss of Passion	177
		5.5.1.6 Shift of Primary Task – Validation	178
	5.5.2	Task Values – ABC: Shareholder Value	179
		5.5.2.1 Authenticity	179
		5.5.2.2 Altruism	180
		5.5.2.3 Accessibility	180
	5.5.3	Restoring Staff Morale and a Changed Task	182
Chapter 6	THE	RELIGIOUS ORGANISATION	184
6.1	Prolo	gue	184
6.2	Intro	duction	186
6.3	The R	Religious Organisation	187
	6.3.1	Religious Discourse	187
	6.3.2	The Personal Journey	189
	6.3.3	The Church	194
		6.3.3.1 God as Leader	194
		6.3.3.2 Institutionalisation	196
		6.3.3.3 Disciples and Missionaries	197
		6.3.3.4 Heretics and Disrespect	198
	6.3.4	Spirituality and Fundamentalism	200
		6.3.4.1 Spirituality	200
		6.3.4.2 Fundamentalism	202
6.4	Why	the Religious Organisational Response?	206
	6.4.1	Fulfilling Emotional Needs and The Status Quo	206
	6.4.2	Survival	207
6.5	Social	l Defenses	210
6.6	Task	Tenets – Values and Dogma	212
6.7	Sumn	nary	213

Chapter 7	CON	CLUSIONS	214
7.1	The Research Question		214
7.2	Resea	rch Method	215
7.3	Sumn	nary of the Findings	215
	7.3.1	Shift to Shareholder Focus	215
	7.3.2	Cost Cutting and The Heroic Leader	216
	7.3.3	Customer Service as a Casualty to Shareholder Focus	217
7.4	Concl	usions	218
	7.4.1	Shareholder Value and Narcissism	218
	7.4.2	Shareholder Value and the Nature of Relatedness	219
	7.4.3	Summary	221
7.5	Impli	cations for Practice	221
	7.5.1	Shifting from Cost Reduction and Control to	222
		Organic Growth	
	7.5.2	Change of Direction Under the Current Leadership	223
	7.5.3	Culture Change and Social Defense	225
	7.5.4	The Tension Between The Shareholder and The Customer	226
7.6	Impli	cations for Further Research	228
	7.6.1	Culture Adaptation	229
	7.6.2	Heroic Leadership and Religious Culture	229
	7.6.3	Managing Stakeholder Tension	230
	7.6.4	Leadership in Not-For-Profit-Organisations	230
	7.6.5	Maintaining Customer Focus to Deliver Shareholder Value	230
7.7	The S	oul of the Organisation: Passion for The Primary Task	230
7.8	Concl	usion	235
7.9	Personal Reflection		
	7.9.1	Different Paradigms	236
	7.9.2	As an Insider	236
	7.9.3	The Church / Religious Metaphor	237
	7.9.4	Shareholder Value and Religious Fundamentalism	238
		as Symbiotic Partners	

	BIBLIOGRAPHY	240
	APPENDICES	
A	Thematic Questions	255
В	Specific Case Questions – Including Focus Group 1	258
C	Questions - Focus Group 2	261
D	List of Informants	263
E	Letter of Consent	264
F	Business Unit Participation Request	266
G	Informant Consent	267
H	Modified Content Analysis – Theme Example	271
J	Modified Discourse Analysis – Transcript Example	280
	LIST OF TABLES	
2: 1	Theoretical Propositions	73
	LIST OF DIAGRAMS	
3: 1	Time Line	87
3: 2	Organisational Structure	88
<i>3: 3</i>	Informants	91

ACKNOWLEDGEMENTS

This study would not have been possible without the informants who willingly gave up their time to participate. Their candidness provided rich data and their passionate interest in the topic made it engaging for me as the researcher. My thanks go to each of them.

My deepest gratitude goes to my supervisor, Professor Neil Béchervaise. Neil has been with me from the commencement of this degree and supervised this thesis from embryo to completion. His dedication to this work has been without question; his interest in the subject genuine and his support at those difficult stages has been reassuring. Our conversations about this topic have been rich and enjoyable.

Most of all I wish to thank my husband Kevin who has been my most loyal supporter and friend. Without him I may never started this thesis and I certainly would not have finished.

Declaration II

Quotation from Informants

The respondents quoted directly in this thesis used spoken English as opposed to written English to explain their thoughts and ideas regarding the questions asked. The spoken language has been modified in this thesis to transcribe it to written form, including a process of removing any content that does not directly add to the meaning of the message (for example, 'ums', pauses, and conversational grammar) and adding punctuation to clarify the structure of the responses where necessary.